



WESTERN GOVERNORS' ASSOCIATION

# Biomass as Part of the WGA Clean and Diversified Energy Initiative

Montana Communities and Wildfire Conference

March 1, 2006

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# Western Governors Association Biomass Task Force

- *Looked at biomass to electricity only*
- *Part of initiative to get 30,000 mw of new renewable and clean electricity in the west by 2015*

# Recommendation #1

## *Achieve Tax Parity Among Renewable Technologies*

- Federal Section 45 Production Tax Credit uniform for all renewable technologies
- State Tax Credits should be for generation, not investment
- Net metering available to biomass less than 1 mw

# Recommendation #2

*Strengthen Federal Land Management policies to allow larger, longer restoration projects*

- Project based on science based needs of forest resource, without artificial constraints
- To attract private capital, projects should be 20 years or more, up to 150,000 acres or more
- Projects should be fully funded at outset

# Recommendation #3

*Environmental benefits of biomass should be paid for by beneficiaries*

- Biomass projects can solve waste disposal, air quality, range and forest land management problems
- Projects could receive targeted fuel subsidies or “biomass only” utility solicitations
- If utilities provide support, they must receive full cost recovery

## Recommendation #4

*Demonstrate state government leadership by purchasing power/REC's from biomass projects and by supporting biomass RD&D*

- State agencies should solicit for biomass power or REC's to meet mandated purchase requirements
- States should participate in cost shared R&D in conversion and harvesting technology

# Recommendation #5

*Recognize value of firm capacity in renewable purchase programs*

- Typical state RPS programs require purchase of power measured in Kwh annually
- Biomass as reliable as fossil fuels in providing capacity needed by electric grid

# Recommendation #6

*Renewable Energy Credits (REC's) should not include ancillary environmental benefits*

- REC's should include only those environmental benefits associated with displacement of fossil fuel
- Biomass can additionally provide benefits in fire reduction, landfill space, watersheds, etc.



# Recommendation #7

## *Establish a single definition of biomass*

- Use broad FERC definition of “any organic material not derived from fossil fuels”
- Many state programs have unnecessarily narrowed definition

# Recommendation #8

## *Revise utility interconnection policies*

- Typical policy assumes remote biomass plant delivers to load center and losses charged
- In reality, small plants provide voltage support, reliability that should be rewarded

# Recommendation #9

## *Provide long-term certainty for biomass programs*

- Previous state programs have achieved objective, but typically last few years only
- At federal level, fully fund programs from HFRA and Energy Bill

# Recommendation #10

*Consider avoided fuel based emissions when issuing air quality permits*

- Typically, only plant emissions considered in permit, not net effect of plant
- Ever tightening standards can make plants uneconomic, worsening air quality
- Co-firing of biomass with coal should not trigger re-permitting

# **Why should Montana care about WGA Recommendations?**

- Large scale thinning needed to restore forest health
- N.W. Montana identified as dire situation
- Product of a thinning program will still be 50% fuel, even with developed small log infrastructure
- Biomass plants needed to consume 50% of thinning material remaining as fuel.

# Montana's Current Situation

- If problem to be addressed, thinning will have to move beyond WUI's
- WUI fuel can potentially be addressed by current fleet of two dozen sawmills, current wood fired boilers and conversion of institutional boilers to wood
- Currently no plants burning wood deliver power to grid

# Montana Electric Situation

- Renewable Portfolio Standard in place
  - 15% of power by 2015
- Corporate state tax credit of 35% of project capital cost
- Corporate property tax reduction of 50% for 5 years

Basic elements in place for successful biomass development

# Example of Large Scale Thinning

- Total acreage thinned of 150,000 acre/yr
  - Still decades to address situation
- Amount removed per acre of 40 green tons
  - 50% to small log utilization
  - 50% to fuel



# Example of Large Scale Thinning

## *(Cont.)*

- 3 million green tons annually of fuel
  - Institutional need of 1 million tons annually
- Remaining 2 million tons would fuel 125mw of biomass power
  - Perhaps a dozen small plants in 5-20mw range, most located at sawmills

# Clean and Diversified Energy Initiative



**Please Visit the WGA Web Site for more  
information on the CDEAC and the Biomass  
Task Force Report and Supply Addendum**

**[www.westgov.org](http://www.westgov.org)**